



To: Government Oversight Committee

From: Jennifer Acton

Date: November 22, 2013

Re: E911 Wireless Surcharge Third Calendar Quarter Report (July – September 2013)

The Legislative Services Agency has received the third calendar quarter report for 2013 from the Department of Homeland Security and Emergency Management as required in [Iowa Code section 34A.7A\(3\)\(b\)](#).

The Department received \$5.7 million in revenue from the E911 wireless surcharge. House File 644 (E911 Surcharge Equalization Act) imposed a \$1.00 surcharge on both wireless and wireline E911 programs. This is an increase of \$1.3 million compared to the previous quarter.

By law, the increased rate required a 60-day notification to all the wireless carriers and did not take effect until August 29, 2013. Only one month of the third calendar quarter was at the \$1.00 rate and other two months were at the \$0.65 rate.

[Iowa Code chapter 34A.7A](#) specifies the priority order for the expenditures of the surcharge funds collected. The total expended this quarter was \$3.3 million.

Listed below, by priority order, are the amounts expended:

- \$62,500 for administration. This includes 2.0 FTE positions, an annual audit, and program operating costs. Intent language in [SF 447](#) (FY 2014 Justice System Appropriations Act) specifies that up to \$250,000 of the wireless surcharge money may be used for these expenses each fiscal year.
- \$130,000 for wireless service provider cost recovery. This reimbursement is 13.0% of the total amount received and is allocated to wireless carriers to recover costs associated with providing wireless E911 Phase 1 (tower address, call back number) service. The difference between the actual amount expended (\$130,000) and the allocation (\$736,000) is \$606,000. The difference is included in the carryover balance.
- \$608,000 for wire-line transport costs and automated location information costs.
 - \$231,000 for costs incurred by the ICN for transporting the call from the selective router to the Public Safety Answering Points (PSAPs). This is a decrease of \$93,700 compared to the previous quarter.

- \$377,000 for contracted costs through Telecommunication Systems Inc. (TCS) for automated location information (ALI) costs, data center facilities and backup Internet Protocol (IP) connectivity, and maintenance agreements for hardware and software. This is a decrease of \$355 compared to the previous quarter. This amount is a reimbursement to provide ALI database services and selective routing.
- \$2.6 million for the PSAPs. This is an increase of \$574,900 compared to the previous quarter. There are currently 115 PSAPs providing 56,219 square miles of coverage. In this quarter, the PSAPs received 210,195 wireless calls, a decrease of 55,995 calls compared to the previous quarter.

The decrease in calls may be attributable to the E911 service outage that occurred on July 19, 2013. At approximately 5:30 p.m., an outage of the Public Safety Answering Points (PSAPs) occurred. Initially, all 115 PSAPs were affected, but within approximately 10 minutes, 41 of the PSAPs were back on-line. The remaining PSAPs were offline until the next day and were restored by 2:30 p.m. July 20, 2013. Calls were routed to the Johnston Department of Public Safety. The outage did impact the Next Generation 911 (NG911) system but did not impact the local wireline 911/E-911 services. The cause was determined to be faulty switching equipment. Upgrades of core carrier switches occurred on August 7 and 8, 2013.

The funding received by the PSAPs is equal to 46.0% of the surcharge generated and is distributed to the PSAPS based on the following formula: 65.0% based on the square mileage of the local 911 service area and 35.0% based on the volume of wireless E911 calls received by the PSAPs.

- The total carryover funds available from the third quarter is \$2.3 million. The total carryover available in the Wireless Surcharge Carryover Fund is \$9.4 million. Of the total available in the Fund, \$3.9 million is obligated for the following:
 - \$3.0 million for network capacity increases.
 - \$900,000 for continued PSAP projects.

The PSAPS may apply for up to \$50,000 in carryover funds. However, the funds do require a 50.0% local match. The PSAPs are being encouraged to upgrade their Internet Protocol (IP)-enabled equipment by December 2015 to support the use of the NG911 emergency services IP-based system. The upgrade will allow texting, video, and picture messaging to access emergency care via E911.